



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 28, 2004

### **H.R. 3797** **2004 District of Columbia Omnibus Authorization Act**

*As ordered reported by the Senate Committee on Governmental Affairs  
on July 21, 2004*

#### **SUMMARY**

H.R. 3797 would amend various federal laws applicable to the operation of the District of Columbia (D.C.) government, including provisions that would increase monitoring of city and school budgets, establish the academic year as the fiscal year for D.C. schools, offer alternative work schedules for D.C. government employees, and modify the regulation of banks chartered in the District. CBO estimates that those provisions would have no significant impact on the federal budget.

CBO estimates that enacting section 3 of H.R. 3797 would increase federal direct spending by about \$20 million over the 2004-2014 period because it would authorize the Executive Officer of the D.C. Courts to enter into 10-year building leases regardless of whether the D.C. Courts have sufficient appropriated funds available for such a lease. Under the National Capital Revitalization and Self-Government Improvement Act of 1997, the budget of the D.C. Courts system is funded through federal appropriations, and its expenditures are recorded on the federal budget. Enactment of the legislation would not affect federal revenues.

The legislation contains no private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Section 2 of H.R. 3797 contains an intergovernmental mandate as defined in UMRA, but CBO estimates that the resulting costs would not be significant and would not exceed the threshold established in UMRA (\$60 million in 2004, adjusted annually for inflation).

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3797 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

By Fiscal Year, in Millions of Dollars											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>CHANGES IN DIRECT SPENDING</b>											
Leasing Authority for D.C. Courts											
Estimated Budget Authority	20	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	2	2	2	2	2	2	2	2	2	2
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>											
Leasing Authority for D.C. Courts											
Estimated Authorization Level	0	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Estimated Outlays	0	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2

## BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of fiscal year 2004. All of the legislation's provisions that would directly affect operations of the city government have been passed by the Council of the District of Columbia and signed by the Mayor. Under the Home Rule Act, any legislation enacted by the city must be approved by the Congress. CBO estimates that those provisions would not have a significant effect on the federal budget.

H.R. 3797 would authorize the D.C. Courts to enter into agreements with nonfederal entities to lease commercial or special-purpose property. Such agreements could obligate the federal government for up to 10 years without regard to provisions of the Anti-Deficiency Act. Thus, the government's obligations could occur in advance, or in excess, of appropriated amounts. The legislation thereby provides contract authority—the authority to obligate funds in advance or in excess of appropriations to cover the obligation.

Based on information from the D.C. Courts, CBO expects that the agency would use the authority in H.R. 3797 to enter into an operating lease for temporary office space during renovations to the H. Carl Moultrie Courthouse at an estimated cost of about \$20 million over the next 10 years. Assuming that this lease would qualify as an operating lease under

the government's scorekeeping guidelines, and if it did not contain a cancellation clause, budget authority would be recorded in the budget in the year of enactment equal to the estimated total payments expected over the full term of the lease. (If the lease contract were to contain a cancellation clause, only the budget authority that would be necessary for annual lease payments would be recorded in the budget. For the first year of the lease, the budget also would record an amount sufficient to cover costs associated with cancellation.)

Because the authority is not limited to a particular project or purpose, it is possible that the D.C. Courts could use the authority in this legislation to lease special-purpose facilities specifically constructed for use by the D.C. Courts. If appropriated funds are not available for the planned C Street expansion to the H. Carl Moultrie Courthouse, it is possible that the D.C. Courts could use the authority provided in H.R. 3797 to enter into lease-purchase agreements to facilitate new construction to allow the consolidation of the Family Court and related services. For such agreements, the budget records the full cost of the federal obligation when the leases are initially approved. Using information from the Master Plan for Judiciary Square, the Government Accountability Office, and the General Services Administration, CBO estimates that such a new addition would cost \$63 million. At this time, however, we have no basis for predicting whether the authority that would be provided by H.R. 3797 would be used for such an addition, and we have not included those costs in this estimate.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 3797 contains no private-sector mandates as defined in UMRA. Section 2 of H.R. 3797 contains an intergovernmental mandate as defined in UMRA because it would require the District of Columbia's School Board to submit a comprehensive budget plan to the Mayor and the City Council. CBO estimates that the resulting costs would not be significant and would not exceed the threshold established in UMRA (\$60 million in 2004, adjusted annually for inflation). The remaining provisions in the legislation would benefit the District of Columbia by increasing the flexibility of personnel policies and providing for multiyear contracting authority.

## **PREVIOUS CBO COST ESTIMATE**

On April 6, 2004, CBO transmitted a cost estimate for H.R. 3797, as ordered reported by the House Committee on Government Reform on February 26, 2004. The two versions of the legislation are identical, and the estimated costs are the same.

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